

Milk Pricing in the United States

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Introduction

Over the past 125 years, a complex pricing system has evolved to deal with milk production, assembly (collection), and distribution (coordinating milk supplies with the demands of milk users, both intermediate and final). The various government and nongovernment institutions making up the system are designed to work together to ensure that the public gets the milk it wants, while dairy farmers get the economic returns needed to provide the milk. The very complexity of the system, however, has baffled many and led to numerous misconceptions.

This report aims to dispel misconceptions by explaining how the current milk pricing structure is set up and how it works. It is neither a history of milk pricing nor a catalog of all the technical or legal aspects of pricing regulations. But, some history is recounted and some details are included to give the reader a feel for the context in which actions occurred. Our goal is to provide a primer on milk pricing in the United States that can serve as a steppingstone to other more detailed works for those so inclined—a short list of information sources is included. There is also a glossary of terms for readers not familiar with some of the specialized terms that have grown up with milk pricing institutions.

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